

EXHIBIT H

1 UNITED STATES BANKRUPTCY COURT
2 FOR THE WESTERN DISTRICT OF NORTH CAROLINA
3 CHARLOTTE DIVISION
4 IN RE:) Chapter 11
5)
6 LTL MANAGEMENT LLC,) CASE NO. 21-30589
7)
8 Debtor.)
9)
10 -----)
11)
12 LTL MANAGEMENT LLC,)
13)
14 Plaintiff,)
15)
16 vs.) Adversary Proceeding
17) No. 21-03032
18 THOSE PARTIES LISTED ON)
19 APPENDIX A TO COMPLAINT)
20 and JOHN AND JANE DOES 1-1000,)
21)
22 Defendants.)
23 - - -
24 C O N F I D E N T I A L
DEPOSITION OF ADAM LISMAN
SATURDAY, OCTOBER 30, 2021
2:00 p.m.
- - -
REMOTE TRANSCRIPT OF PROCEEDINGS had in
the above-entitled cause, on the above date, before
Juliana F. Zajicek, Registered Professional Reporter,
Certified Shorthand Reporter and Certified Realtime
Reporter.
- - -
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1 knowledge, JJCI did not make any cash payments to any
2 third party in connection with any of the talc
3 liabilities, as opposed to the daily sweeps that
4 you've referred to by Johnson & Johnson?

5 A. Yeah, so that corporate main account is
6 the primary, you know, account sending money out the
7 door, so, yes, so I said the word "JJCI paid" if -- I
8 can't definitively say for these four, like I could
9 for the Ingham matter, if J&J the parent company
10 indeed made the payment for these items, they would
11 have been the first -- that would have been the first
12 account that the money came out of, but it is being
13 reflected as a payable back to the corporate parent to
14 JJCI via this journal entry that the expense and the
15 ultimate obligation to make -- make the payment is
16 with JJCI. That's what this is.

17 Q. And -- and that is from a GAAP
18 perspective?

19 A. GAAP and economically of how it flowed
20 through the operating companies of Johnson & Johnson.

21 Q. Well, economically how it flowed through,
22 every operating company pays Johnson & Johnson at the
23 end of each day, correct?

24 A. Economically --

1 MR. RASMUSSEN: Object.

2 BY THE WITNESS:

3 A. -- is there money moving between,
4 absolutely, but money can't move between companies
5 without an offsetting entry, which is the importance
6 of a double entry. If money goes between companies,
7 it creates either an intercompany receivable or
8 payable or a dividend or a debt obligation. Money
9 can't move one way without an other side of the
10 transaction.

11 BY MR. SILVERSTEIN:

12 Q. Right. And each of these cases where
13 money went from JJCI to -- to the parent company, you
14 are unaware of what the legal obligation was, whether
15 it was a dividend or a loan or a -- some other form of
16 obligation or transfer, am I correct?

17 A. Sorry. Can you say -- can you say that
18 again?

19 Q. Am I correct when you used the term
20 "owed," you are referring to it as a -- from an
21 accounting perspective and you are not referring to
22 any legal obligation from one company to the other.

23 Am I correct about that?

24 MR. RASMUSSEN: Objection to the form of the

1 question.

2 BY THE WITNESS:

3 A. So an accounting perspective, I can't set
4 up a payable between companies if there is no basis
5 for it.

6 So money can only be owed between two
7 companies, because Company A is obliged to pay back
8 Company B for some kind of a reason, accounting or, to
9 your point, there is a loan or there is something like
10 that or Company B paid for something on behalf of
11 Company A. There needs to be an underlying event in
12 order to create an accounting.

13 Accounting entries follow the substance of
14 a transaction. Under GAAP, you can't create
15 artificial accounting entries for amounts and numbers
16 and reasons that we want to. There needs to be an
17 underlying fact pattern. Accounting follows the
18 business and the economics of the transaction.

19 BY MR. SILVERSTEIN:

20 Q. Okay. So what was the underlying event
21 that the accounting entries here followed?

22 A. These would have been --

23 Q. Specifically in Rows 2 through 5?

24 A. Yep, from reading the description in

1 Column J, these are talc product liability costs that
2 JJCI was ultimately responsible for, which is why it
3 is showing up as an expense on their account.

4 Q. And other than the fact that the entry is
5 booked from JJCI to Johnson & Johnson, is there some
6 other basis on which you can conclude that there is an
7 underlying obligation by JJCI to have paid
8 Johnson & Johnson or to have booked these entries to
9 Johnson & Johnson?

10 MR. RASMUSSEN: Objection to the form of the
11 question.

12 BY THE WITNESS:

13 A. It would go back to the fundamental
14 concept that I've talked about, where if there are
15 costs associated with the product or a franchise that
16 is owned and managed by an operating company or sub,
17 those costs required by GAAP need to be recorded on
18 the ledgers of that company as a fundamental
19 accounting GAAP requirement.

20 BY MR. SILVERSTEIN:

21 Q. Okay. And that is -- that fundamental
22 GAAP requirement is at the root of these entries?

23 A. Absolutely.

24 Q. Okay. So I'm going to now click on the